

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 SP-02 HUD-01 EB-07 OMB-01 L-03 H-02

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R 271450Z FEB 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 489

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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EO 11652: NA

TAGS: USEGJC EINV

SUBJECT: SALE OF LAND TO FOREIGNERS

REF: (A) 75 CAIRO 9685, (B) KUWAIT 603

1. GOE DECISION LAST YEAR TO CONSIDER RESTRICTIONS ON LAND PURCHASES BY FOREIGNERS (REF A) IS CONTINUAL SOURCE OF DEBATE AND DISSENSION WITHIN PEOPLES ASSEMBLY AND ELSEWHERE. ISSUE IS STILL NOT RESOLVED, ALTHOUGH REVISED BILL CURRENTLY BEING DEBATED IN ASSEMBLY APPEARS TO CONTAIN NUMBER OF RESTRICTIONS OF TYPE WHICH HAVE TENDED DISCOURAGE FLOW OF FUNDS INTO REAL ESTATE, PRINCIPALLY FROM ARAB STATES, SINCE ISSUE ORIGINALLY RAISED.

2. EGYPTIAN ACTIONS APPEAR TO BE BASED ON FEAR THAT ARAB CAPITAL WILL TEND TO HAVE ACCELERATING IMPACT ON ALREADY SKYROCKETING REAL ESTATE PRICES. ISSUES OF SPECULATION, RENTS, LANDLORD RIGHTS VS TENANTS RIGHTS HAVE IN RECENT WEEKS BECOME A MAJOR FOCUS IN PRESS AND ASSEMBLY. (THERE ALSO APPEARS TO BE ELEMENT OF CHAUVINISM IN EGYPTIAN THINKING, SINCE INFLUX OF WEALTHY ARABS IS BOTH CONSPICUOUS AND RESENTED.)

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3. IN EVIDENTLY RELATED ACTION, CAIRO PRESS HAS HIGHLIGHTED OVER PAST WEEKS STATEMENTS ATTRIBUTED TO KUWAIT REAL ESTATE INVESTMENT CONSORTIUM (KREIC). COMPANY HAD PROPOSED MAJOR INVESTMENT SCHEME INVOLVING CONSTRUCTION OF LOW-COST HOUSING IN EXCHANGE FOR LAND ON WHICH TO BUILD LUXURY OFFICE AND APARTMENT COMPLEX. EFFORT ALLEGEDLY COLLAPSED OVER INABILITY TO GET GOE TO ESTABLISH REASONABLE PRICES FOR LAND (REF B). FIRST ARTICLES REFERRED TO ANNOUNCEMENT THAT KREIC HAD DECIDED TO FREEZE ITS PROPOSED PROJECTS IN EGYPT AS RESULT ASSEMBLY DEBATES ON QUESTION OF OWNERSHIP OF REAL ESTATE BY ALIENS. FOLLOWING DAY PRESS CARRIED KUWAITI STATEMENT TO EFFECT THAT REAL ESTATE OPERATIONS HAD NOT BEEN FROZEN; KUWAITIS ADMITTED THERE WERE SOME DIFFICULTIES IN PAST, BUT THAT THESE HAD NOW BEEN OVERCOME. SEVERAL DAYS LATER ADDITIONAL ARTICLES ANNOUNCED THAT KREIC HAD BEGUN EXECUTION OF THREE MAJOR PROJECTS IN CAIRO AND ALEXANDRIA.

4. COMMENT: REAL ESTATE QUESTION IS OF ESSENTIALLY SAME NATURE AS THAT COVERING OVERALL INVESTMENTS. EGYPTIANS ACTIVELY SEEK EXPANDED ROLE FOR FOREIGN INVESTORS IN REAL ESTATE AS WELL AS OTHER FACETS OF ECONOMY. AT SAME TIME, HOWEVER, A SUFFICIENT PROPORTION OF GOVERNMENT/POPULATION IS CONCERNED OVER POSSIBLE ADVERSE IMPACTS TO EFFECTIVELY BLOCK FORWARD PROGRESS BY OUTSIDERS. IN ADDITION, OF COURSE, FACT THAT ISSUE IS BEING DEBATED ACTS AS EXTREMELY EFFECTIVE DETERENT TO FORWARD MOTION ON PART OF ANY POTENTIAL INVESTOR. DECISION ON REAL ESTATE MAY SERVE AS AN INDICATOR OF WHICH WAY EGYPTIANS WILL DECIDE TO GO ON INVESTMENTS IN GENERAL.
EILTS

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